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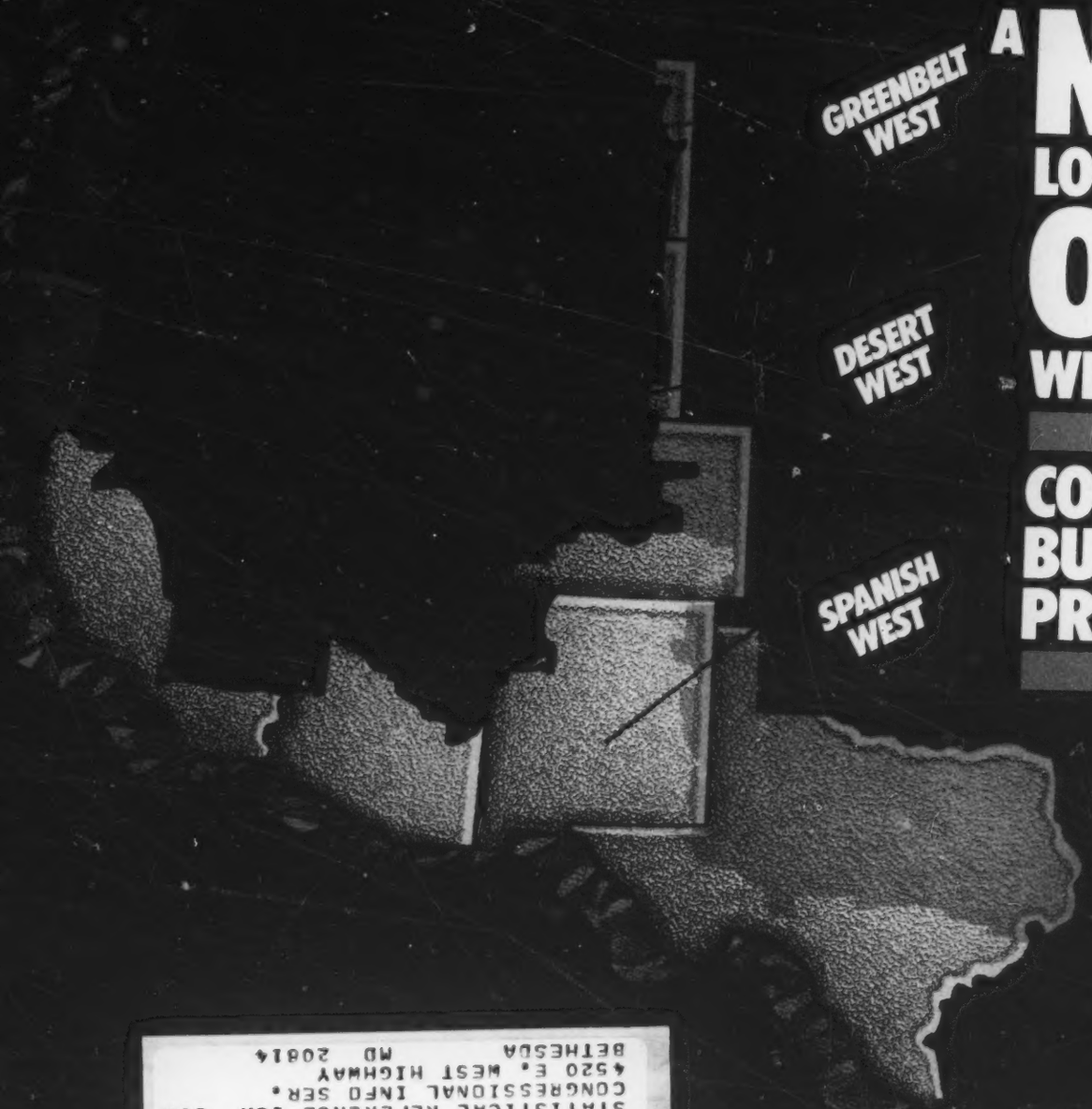
# AUTOMOTIVE MARKETING

The Marketing/Business Magazine for the Retail Aftermarket

JANUARY 1987




## A NEW LOOK AT THE OLD WEST:

## CONSUMER BUYING PROFILES

NEW! DETAILING THE MARKET

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Chilton's
# AUTOMOTIVE MARKETING

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## FEATURES

**A New Look At The Old West** 30
The West is not just a single, homogenous market. There are three very different markets out West. Here's a look at each of them.

**Greenbelt West** 35
Greenbelt DIYers own lots of foreign cars. But they don't do much serious DIY work on them.

**Desert West** 37
Desert West DIYers perfer light trucks, vans, and RVs to wander the wide open spaces.

**Spanish West** 38
Spanish West DIYers own and work on foreign cars. They are often well-educated and like DIY work.

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# PUBLISHER'S NOTES

### Go West, Retailers!

No Horace Greeley story this, but our January issue does look West. Read research editor Philip Katcher and senior news editor John Wirebach's analysis for new insight. We'll look at other regions in similar fashion in our Consumer Automotive Repair Study (CARS) in our March issue.

Our Western theme is timely, too. APAA's regional show activity debuts next month. The Association has planned this supplemental show in LA to attract the medium and smaller retailers in the Western markets which are home to 17% of our country's automotive do-it-yourselfers.

At the recent SEMA/AI Show, we kept hearing "mail order," so our key reporter Wirebach investigated its size and scope for Market Line. While it's not all that big compared with the total aftermarket, it's BIG! Mail order sales this year are about the equivalent of Pep Boys annual sales.

Also in this issue, you'll see another "AM first"... Detailing The Market. This unique monthly news insert gives you a quick look at what's happening in the retail aftermarket.

And don't forget to check recent market action in our Automotive Marketing Index, and data about DIYers who buy exhaust products.

As usual, we've packed a lot of worthwhile information into our pages. We hope you like it. Let us know. ■

*Sarah Frankson, Publisher*

# THE AUTOMOTIVE MARKETING INDEX

## THE 1986 *AUTOMOTIVE MARKETING* MARKETBASKET

To determine the price movement, *Automotive Marketing* created a "marketbasket" of the best prices available for nine popular aftermarket products. We determine the best available price of each item in each marketing area each month to come up with an average marketbasket index. The products include a non-resistor spark plug; an oil filter; a can of 10W30 motor oil; a can of paste wax; an AM/FM/Cassette radio; a gas-charged shock absorber; a gallon of antifreeze; a pair of windshield wiper refills; and a 40-month-warranty battery. These products are usually on sale somewhere within each marketing area, which we define by their unique geographic, meteorological, and consumer characteristics.

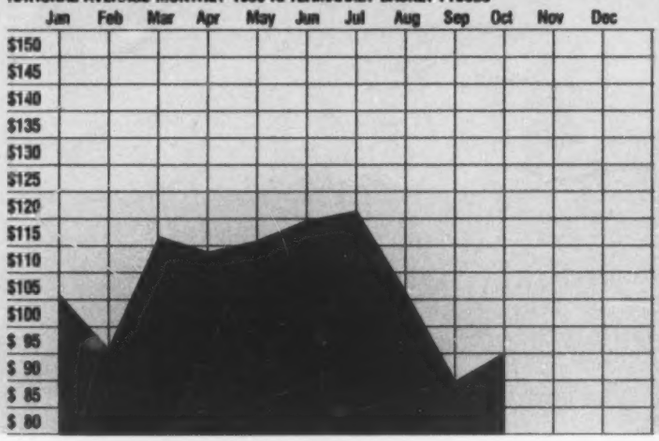
## OCTOBER NATIONAL AVERAGE MARKETBASKET PRICES

| | | | |
|---|---|---|---|
| A non-resistor spark plug: | $ .73 | A gas-charged shock: | $ 13.38 |
| An oil filter: | 2.04 | One gallon of antifreeze: | 3.23 |
| A can of 10W30 oil: | .74 | One pair of wiper refills: | 2.19 |
| A can of paste wax: | 3.66 | A 40-month battery: | 29.42 |
| An AM/FM Cassette: | 39.56 | Total: | $ 94.95 |

## OCTOBER AM MARKETBASKET PRICES BY MARKETING AREA

| | | | |
|---|---|---|---|
| 1. Greenbelt East: | $107.24 | 3. Smokestack East: | $ 96.57 |
| 2. Megapolis East: | 88.55 | 4. Old South: | 83.95 |
| | | 5. Caribbean South: | 102.15 |
| | | 6. Smokestack Central: | 89.44 |
| | | 7. Grainbelt Central: | 80.47 |
| | | 8. Spanish West: | 93.89 |
| | | 9. Desert West: | 94.95 |
| | | 10. Greenbelt West: | 112.19 |

## NATIONAL AVERAGE MONTHLY 1986 AFTERMARKET BASKET PRICES




## AFTERMARKET BUSINESS INDICATORS

| | Unit/Base | Mo/Qr | Current Period | Prior Period | Year ago, Same Period | Low (61-86) | High (61-86) |
|---|---|---|---|---|---|---|---|
| Personal Income | billion | Sept | $3,511.5 | $3,500.3 | $3,333.9 | $403.8 (Jan 61) | $3,511.5 (Sept 86) |
| Personal Consumption Expenditures | billion | 3Q | $2,799.3 | $2,732.0 | $2,627.1 | 328.5 (1Q 61) | 2,799.3 (3Q 86) |
| Consumer Price Index | 67 = 100 | Sept | 330.2 | 328.0 | 324.5 | 89.3 (May 61) | 330.2 (Sept 86) |

## AMERICAN-BUILT CARS SOLD NOVEMBER 1-20

Americans bought 5.5% more U.S.-built cars in the first 20 days of November, 1986, than in the same time period last year. But the growth was largely in the middle of the month. Signs were promising for the last ten days of November, boosted by renewed dealer incentive programs designed to move cars. At the same time, car makers are cutting future production.

| Maker | 1-20 Nov. 1986 | 1-20 Nov. 1985 | % Change |
|---|---|---|---|
| American Honda | 14,634 | 7,185 | 50.9% |
| American Motors | 2,240 | 4,600 | - 47.0 |
| Chrysler | 48,750 | 44,180 | 9.4 |
| Ford | 96,823 | 78,484 | 18.9 |
| General Motors | 181,035 | 189,838 | -4.6 |
| Nissan | 4,516 | 3,584 | 20.6 |
| Volkswagen of America | 2,456 | 3,425 | -28.3 |
| Total U.S. Industry | 350,454 | 331,296 | 5.5 |

Sources: E.F. Hutton & Co., Motor Vehicle Manufacturers Association

## 1986 AFTERMARKET STOCK PRICES

The figures below are the high and low prices offered and paid for various retail chain, manufacturer, and distributor common stocks in different stock exchanges for the 52 week period prior to December 17. Prices rebounded from the November securities exchange insider trading probes.

| | Exchange | 52-week High | 52-week Low | 12/17 Quote | P-E |
|---|---|---|---|---|---|
| Armor All | OTC | 12 1/2 | 10 1/4 | 11 1/4 | – |
| Cardis Corp. | AMEX | 10 | 5 7/8 | 7 7/8 | 7 |
| Champion Spark Plugs | NYSE | 11 7/8 | 8 5/8 | 10 3/4 | – |
| Crown Auto | OTC | 4 1/4 | 3 | 3 | – |
| Dana Corp. | NYSE | 36 1/2 | 25 1/2 | 35 3/8 | 16 |
| Durakon | OTC | 18 | 6 1/2 | 12 5/8 | 17 |
| Echlin | NYSE | 20 5/8 | 13 3/4 | 18 7/8 | 17 |
| Genuine Parts | NYSE | 48 3/8 | 35 1/8 | 45 | 20 |
| Lucky Stores | NYSE | 37 7/8 | 23 1/4 | 30 1/4 | 24 |
| Parker Hanniflin | NYSE | 30 1/2 | 20 1/4 | 26 3/4 | 13 |
| Pennzoil | NYSE | 91 | 48 1/8 | 65 7/8 | 64 |
| Pep Boys | NYSE | 48 1/4 | 25 1/8 | 43 3/8 | 29 |
| Perry Drugs | NYSE | 20 7/8 | 12 | 12 3/4 | 22 |
| Purolator | NYSE | 28 1/4 | 15 | 24 3/4 | – |
| Quaker State | NYSE | 30 | 21 3/4 | 26 5/8 | 13 |
| Republic Auto | OTC | 10 1/4 | 6 5/8 | 7 7/8 | – |
| Rite Aid | NYSE | 35 1/2 | 24 1/4 | 30 3/8 | 18 |
| Sealed Power | NYSE | 31 1/4 | 23 1/8 | 26 1/2 | 12 |
| Southland | NYSE | 60 1/2 | 40 3/4 | 48 1/4 | 11 |
| Standard Motor Parts | NYSE | 20 1/8 | 11 5/8 | 18 7/8 | 15 |
| TBC Corp. | OTC | 14 | 8 3/4 | 11 1/2 | 22 |
| Tenneco | NYSE | 43 1/8 | 34 1/2 | 38 1/2 | 18 |
| Trak Auto | OTC | 18 3/4 | 11 | 15 | 375 |
| Triad Systems | OTC | 13 1/8 | 8 1/2 | 10 1/2 | 26 |

## PRODUCT OF THE MONTH: MUFFLERS

Drawing from the 1986 *Automotive Marketing Consumer Automotive Repair Study*, we look at the individuals who purchased and installed mufflers during a 12-month period.

| | | | Age | | | | | Income | | | | Hours Per Month Spent On DIY | | | | Number Of Cars Responsible For | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | Male | Female | -25 | 25-34 | 35-44 | 45-54 | 55+ | -$20K | $20-30K | $30-40K | 40K | -1 hr | 1-5 Hrs | 6-10 Hrs | 11+ Hrs | 1 | 2 | 3 or More |
| 100.0% | 92.5% | 7.5% | 26.1% | 26.8% | 18.6% | 17.3% | 11.1% | 43.2% | 16.4% | 15.7% | 15.5% | 5.9% | 38.5% | 15.7% | 35.9% | 17.1% | 31.8% | 51.2% |

# MARKET LINE

## APAA Los Angeles Show Ready To Go

The Automotive Parts and Accessories Association (APAA) Los Angeles Show will open Thursday, February 12, and run through Saturday, February 14, at the Los Angeles Convention Center. At press time, 158 companies had signed up for booth space.

Merle Krantzman of Grand Auto, Oakland, chairman of the show committee, said, "This is certainly going to be a little guy's show. There're a lot of little retail operations within 400 miles of L.A. This is the perfect forum for them to meet and talk with national manufacturers."

APAA L.A. will be a no-frills show, Krantzman said. "It will still have all the amenities and services to make it easy to do business. But there'll be no big dinner and expensive features like that."

A "Retailing Open Forum" on Friday, February 13, at 8:30 am, is aimed at small retailers, according to Merv York, president of U-Save Auto Parts Stores in Los Angeles, who's busy putting it together. York said, "I'm moderating, but I haven't come up with the exact topic yet. The theme will be something like, how is the little guy going to be able to survive in a time of intensive competition?"

The L.A. Show will also serve as a test to determine the viability of regional shows. APAA will survey attendees about their feelings on this issue. ■


TAIPEI AUTO & MOTORCYCLE SHOW

MAY 21 ~ 25, 1987
9:00 a.m. ~ 5:00 p.m.

Looking for new products and suppliers of auto and motorcycle parts and accessories? This is one trade show that must be included on your travel schedule.

Taiwan is now emerging as an important supply source for the worldwide automotive and motorcycle industries – both for OEM and after-market buyers. More than 210 Taiwan export companies are expected to display their products at what has become Asia's largest trade exhibition of its kind.

Besides the exhibition, you are also invited to visit the Export Mart in the same building. Some 37 of the permanent showrooms on the 4th floor are devoted to auto and motorcycle products.

Organizer:
china external trade development council
9-10th Fl., 201 Tun Hua N. Rd., Taipei, Taiwan 10591, R.O.C. Telex: 21676 CETRA Tel: (02) 7151515
Sponsor:
TAIPEI WORLD TRADE CENTER
5 Hsin Yi Rd., Sec. 5, Taipei, Taiwan, R.O.C. Telex: 28094 TPEWTC Tel: (02) 7251111

(Circle 13 on Product Information Card)


## Big 'I' Seeks More Retail Buyer Show Attendance

Ernie N. Robinson, 1987 Joint Operating Committee chairman for the Big "I" Show in Atlanta next March 10-12, said the open show concept will involve a "vigorous" pursuit of retailer and chain store buyers.

Retailer attendance was 446 at the 1986 show. "With the growth of the hard parts segment in retailer sales," Robinson said, "we know the Big 'I' has more to offer the retailer buyer. The show has been open to manufacturers from across the industry for some time. The range of products, including truck parts and accessories, clearly matches retailer needs, and our exhibitors are working hard to serve them."

The 1987 show attendance program includes the distribution of pre-registration forms for customers. "They have always been able to do this," Robinson said, "but they have never been directly encouraged to do so. This year, we intend to make it easier." ■

### MORE OLD CARS ON THE ROAD

Are we making better cars or do people have less money to buy new cars? In 1970, according to the Motor Vehicle Manufacturers Association (MVMA), only 9.4 million cars or 11.6% of the cars on the road were over 10 years old. By 1985, these numbers had almost tripled to 31 million or 27% of the cars on the road.

| Date | Number Of Cars 10 Yrs. Old & Older (add 000) | Cars 10 Yrs. Or Older On The Road |
|---|---|---|
| 1970 | 9,393 | 11.6% |
| 1975 | 14,649 | 15.3% |
| 1980 | 21,439 | 20.5% |
| 1985 | 30,977 | 27.0% |